



Director of
Intelligence

Approved For Release 2004/07/08 : CIA-RDP79T00975A031400030001-9

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National Intelligence Daily

Thursday
3 May 1979

State Dept. review completed

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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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NEPAL: Efforts to Restore Order

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Tension remains high in Nepal following a weekend of violent demonstrations and the arrest of about 30 prominent politicians and perhaps as many as 500 student leaders. There appears to be no immediate threat to King Birendra's continued reign, but Nepalese police would have difficulty containing increased violence. Although the Army is believed to be loyal to the monarchy, its willingness to confront the populace has never been tested. [redacted]

The government's apparent policy for restoring order--containment of student and worker demonstrations, arrests of suspected ringleaders, and offers to begin negotiations with the dissenters--may eventually ease the tension. If Birendra's moderate policy is to succeed, however, the King will probably eventually have to liberalize the political system. [redacted]

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Should disorders continue and Birendra's response be perceived as weak, he could be deposed by a palace coup--perhaps installing his ambitious and aggressive younger brother Gyrendra--or a military takeover. [redacted]

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A change of government in Nepal would be of little consequence internationally unless one or both of Nepal's giant neighbors became involved. The head of India's ruling party has called publicly for the monarchy to compromise with Koirala and the Congress Party, but the Indian Government has remained silent. India is not likely to become involved unless it feels its interests are threatened by increased instability or the emergence of a pro-Chinese government in Kathmandu. [redacted]

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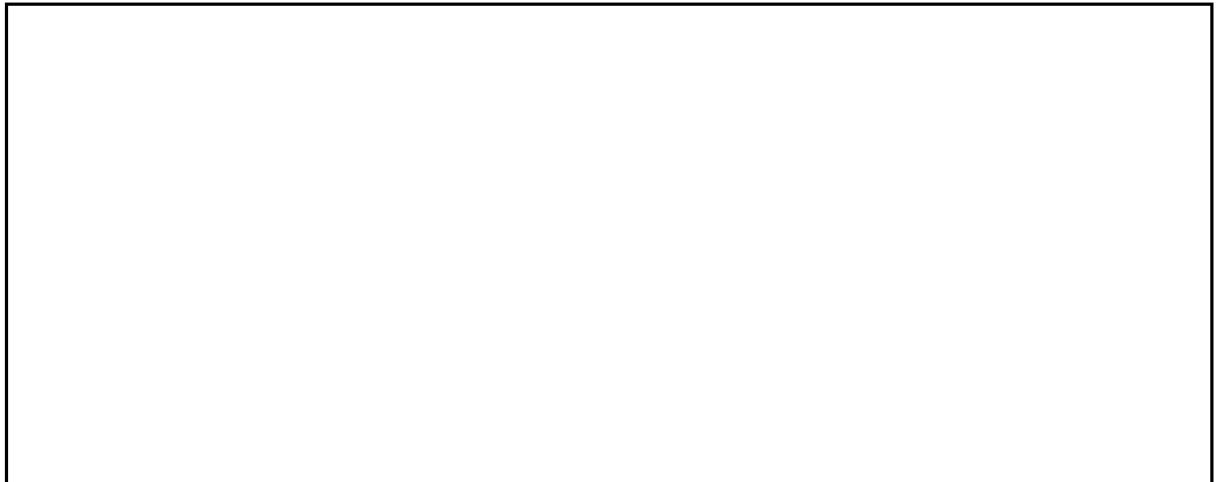
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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)



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China-Vietnam

Press reports from Hong Kong indicate that the third session of the Chinese-Vietnamese border negotiations will take place tomorrow in Hanoi. The Chinese delegation leader will for the first time give a press conference following the meeting.

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USSR-China-US

The US Embassy in Moscow reports that a *Pravda* article yesterday made it clear that the Soviets are reacting sharply to US Ambassador Woodcock's interview on 30 April with the *Washington Star*; Woodcock stated that "there is now some indication that the Vietnamese may not have 'learned their lesson'; that there may be a necessity to teach a second one." The *Pravda* article, written by TASS correspondent Babenko, charges that such "ill-intentioned, provocative statements" encouraging China's expansionist policy in Southeast Asia can only arouse deep anger in the Soviet Union. Babenko dismissed as hypocritical the Ambassador's follow-up remark that he hopes a second Chinese attack on Vietnam will not come about.

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Angola-Cuba-USSR

According to a US Embassy report, Portuguese President Eanes indicated in a meeting with Senator Muskie that he wished to convey to President Carter information that suggests that Angolan leader Neto is setting the stage to reduce his reliance on the Soviets and Cubans. Eanes noted that in the effort to move toward a non-aligned status, Neto is trying to replace Soviet and Cuban professionals and technicians with Angolans and Portuguese. The Portuguese President also noted that Neto fears this policy might lead to an attempt against his life and has decided to name five military officers as vice prime ministers in order to assure control of the armed forces.

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South Africa - Rhodesia

Commenting on the sensitive issue of Rhodesian recognition, South African Foreign Minister Botha stated at a press conference on Monday that Pretoria would only consider the matter after the new government had been formed, according to the US Embassy in Pretoria. Botha remarked that South Africa will look at Rhodesia's ability to ensure internal political stability. He added that this did not necessarily mean the ability to bring the war to a halt but rather the "establishment of a viable and effective government."

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Switzerland-Pakistan-US

According to press reports, the Swiss Government yesterday announced that on the basis of information provided by the US it would investigate the sale to Pakistan of equipment which could be used to make enriched uranium suitable for nuclear weapons. Swiss officials indicated that two Swiss firms are under suspicion but declined to identify them. A spokesman for the Swiss Government denied press reports that asserted the US had lodged an official protest through diplomatic channels about the matter.

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UK-USSR

The British Morning Radio News and Wire Services yesterday reported the defections to Britain of a Soviet press officer on 13 April and a member of a Soviet folk dance group on 30 April, according to the US Embassy in London.

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British officials have decided to allow the Soviet journalist to remain in the UK for an initial period of up to 12 months.

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Australia - South Korea

Press reports indicate that Australia took another step in its effort to develop its uranium export industry by concluding a nuclear safeguards agreement yesterday with South Korea. After the signing ceremony in Canberra, South Korean Prime Minister Choe Kyu-Ha reaffirmed Seoul's intention to use Australian uranium only for peaceful purposes. [Redacted]

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COMMENT: This accord represents the third such agreement Canberra has concluded, the other two being with Finland and the Philippines last year. Negotiations with major customers for Australian uranium, however, have had tough sledding. Negotiations with West European nations are stymied by a dispute within the EC about EURATOM's authority to negotiate on behalf of EC member states. The Japanese, for their part, continue to have difficulty with Australia's stiff requirements on the use and transfer of its uranium. [Redacted]

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Portugal

According to a Reuters report, Portuguese Social Democratic leader sa Carneiro last night challenged Prime Minister Mota Pinto to put his five-month-old government to a confidence vote. The opposition leader who wants early elections informed parliament that if the challenge is not accepted he would ask the National Council of his center-right party to seek a censure vote against the government. Two successful censure votes by the opposition at an interval of 30 days are necessary to force a government to resign. Premier Mota Pinto, narrowly defeated on his 1979 austerity budget on 22 March, is due to present new budget proposals no later than 15 May. [Redacted]

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